



September 13, 2007

The Honorable Mark Sanford
Office of the Governor
The Statehouse
Columbia, SC 29201

Dear Governor Sanford:

Enclosed with this letter is the South Carolina Arts Commission's budget plan for fiscal year 2008-2009. This plan includes requests for recurring and non-recurring state funds to support a comprehensive initiative entitled *Honing Our Creative Edge: Gaining Competitive Advantage for South Carolina through the Arts*.

This initiative includes components that address each of the agency's three long-term goals, focusing on three key outcomes: 1) more creative and culturally literate students, better prepared to take their places as citizens in today's "flat world," where, according to Thomas Friedman, author of *The World is Flat*, "...the most important attribute you can have is creative imagination," 2) more culturally engaged and creatively competitive communities that are attractive to members of the "creative class" and the industries that cluster around this highly educated and mobile workforce, and 3) more wealth created through small business development in the creative sector, including cultural tourism attractions and micro-enterprise focused on interstate export.

As efforts develop throughout the state to become more competitive and to succeed in the 21st century global economy, South Carolina must not overlook the potential advantage afforded by a vibrant arts and culture sector. But to gain this advantage, we need to strategically invest in this sector now, and this is the focus of our proposal.

On behalf of the Arts Commission's Board of Commissioners and our agency staff, we thank you and your staff for your thoughtful consideration of our requests.

Sincerely,

Suzette M. Surkamer
Executive Director

FISCAL YEAR 2008-09 BUDGET PLAN

I. EXECUTIVE SUMMARY

A. Agency Section/Code/Name: Section 30/H91/Arts Commission

B. Statewide Mission: The Arts Commission's mission is "...to develop a thriving arts environment, which is essential to quality of life, education, and economic vitality for all South Carolinians". We focus on the arts as a force to enhance the educational and economic well-being of the state's people and as a key element of the state's quality of life, and we take very seriously our mandate to serve all South Carolinians, continuously striving to create more opportunities for all citizens to enjoy and benefit from the state's cultural resources.

C. Summary Description of Strategic or Long-Term Goals:

(1) ARTS EDUCATION: To establish the arts as an integral part of South Carolina's educational systems and the lifelong learning process of our citizens.

(2) COMMUNITY ARTS DEVELOPMENT: To stimulate the development of South Carolina's culturally-diverse arts resources and organizations and promote creative partnerships to improve the quality of our lives, preserve our cultural heritage, and enhance our economic growth.

(3) ARTIST DEVELOPMENT: To encourage, nurture, and support the artistic growth and personal and economic well-being of South Carolina's artists.

The Arts Commission's budget request supports a comprehensive initiative entitled *Honing Our Creative Edge: Gaining Competitive Advantage for South Carolina through the Arts*. This initiative includes components that address each of the agency's three long-term goals, focusing on three key outcomes: 1) more creative and culturally literate students, better prepared to take their places as citizens in today's "flat world," where, according to Thomas Friedman, author of *The World is Flat*, "...the most important attribute you can have is creative imagination," 2) more culturally engaged and creatively competitive communities that are attractive to members of the "creative class" and the industries that cluster around this highly educated and mobile workforce, and 3) more wealth created through small business development in the creative sector, including cultural tourism attractions and micro-enterprise focused on interstate export.

D.

Summary of Operating Budget Priorities for FY 2008-09:		FUNDING					FTEs			
		State Non-Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.: 1	Title: More creative and culturally literate students	0	\$600,000	0	0	\$ 0	0	0	0	0.00

Summary of Operating Budget Priorities for FY 2008-09:		FUNDING					FTEs			
		State Non-Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Strategic Goal No. Referenced in <u>Item C Above (if applicable): 1</u> Activity Number & Name: 876 Arts Education										
Priority No.: 2	Title: More culturally engaged and creatively competitive communities	\$2,200,000	\$720,000	0	0	\$ 0	0	0	0	0.00
Strategic Goal No. Referenced in <u>Item C Above (if applicable): 2</u> Activity Number & Name: 877 Community Arts Development										
Priority No.: 3	Title: Small business development in the creative sector	\$1,225,000	\$250,000	0	0	\$ 0	0	0	0	0.00
Strategic Goal No. Referenced in <u>Item C Above (if applicable): 2 & 3</u> Activity Number & Name: 877 Community Arts Development and 878 Artist Development										
TOTAL OF ALL PRIORITIES		\$3,425,000	\$1,570,000	\$ 0	\$ 0	\$4,995,000	0.00	0.00	0.00	0.00

E. Agency Recurring Base Appropriation:
State \$3,724,120
Federal\$ 867,917
Other \$ 426,300

F. Efficiency Measures: The agency has achieved greater efficiency, effectiveness, and better customer service during the past year in several areas. Some examples include:

- The commission continued implementation of its strategic plan for 2005-2007, which focuses our efforts toward key outcomes in arts education and public participation in the arts and aligns these efforts with state goals to improve K-12 student performance, improve protections for SC's vulnerable children, improve the state's cultural resources, and improve conditions for economic growth.
- The agency's internet-based communications have continued to expand, offering constituents a widening array of information and services that they can access any time, day or night, at minimal cost to the agency. Increased usage of these resources by constituents has enabled significant reductions in printing and mailing, while improving timeliness and accuracy of information.
- In our ongoing effort to ensure accountability among grantees in whose organizations and projects we invest public funds, we randomly selected a small number of grant recipients for limited field audits and found no problems in their administration of grant funds.
- The agency's purchasing department aggressively explored online resources to reach multiple suppliers and secure lower prices for many materials. This process, which is made possible by the state purchasing card, saved the agency staff time as well as money.
- As a result of the ongoing Arts in Basic Curriculum (ABC) arts education outreach initiative, a record 47 ABC Advancement sites (schools and school districts) received support from the commission during FY2006 for efforts to provide high-quality, standards-based arts education for all students, and for FY2007 the number has grown to 52.
- The agency continued its new Cultural Tourism Initiative, supporting 10 projects targeted at attracting more tourists to community arts events, providing two regional workshops on cultural tourism development, and researching five case studies drawn from the first round (FY2006) of grantees.
- The agency secured South Carolina's selection to join 14 other Creative Community sites in an ongoing ten-year national initiative known as Leveraging Investments in Creativity (LINC), whose mission is to improve conditions for artists in all disciplines, so that artists can more readily do their creative work and contribute to community life. A \$10,000 planning grant was awarded, which will lead to an opportunity to apply for a \$100,000 implementation grant during the current fiscal year.
- The SC Design Arts Partnership (DAP)—a joint initiative of the Arts Commission, the Clemson Institute for Economic and Community Development, Clemson University School of Architecture, Art, and Humanities, Clemson Extension, and Main Street SC—in collaboration with the South Carolina section of the American Institute of Architects, presented the first ever South Carolina Community Design Summit at which *Blueprint SC: A Statewide Vision for South Carolina's 21st Century Communities* was debated and endorsed by a diverse group of 232 design professionals, planners, civic leaders, and elected officials. The Summit was supported by more than \$100,000 raised from out-of-state sources by DAP staff housed at the Arts Commission.
- The agency again received funds from the John and Susan Bennett Memorial Arts Fund of the Coastal Community Foundation to support the agency's Subgranting program, through which 15 local arts councils match and re-grant Arts Commission funds to arts projects within their own communities. We have also secured continued funding for FY2007-2008.
- In partnership with the Humanities Council of South Carolina and the State Library, the agency maintained a jointly funded position for programming in Literary Arts, saving approximately \$30,000 in annual salary and fringe benefits that would have been needed if the agency had had its own full time position.

- The commission partnered with the South Carolina Department of Disabilities and Special Needs and the State Department of Education to create a half-time staff position for the re-emerging South Carolina Chapter of VSA arts—an organization devoted to making the arts accessible to people with disabilities. This was an important milestone in a multi-year process lead by the Arts Commission and supported by the national office of VSA arts to ensure that citizens with disabilities have the fullest possible access to quality arts experiences and that the state’s arts providers are in compliance with federal laws related to accessibility.

G.

Summary of Capital Budget Priorities:			Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0
Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0
Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0
TOTAL OF ALL CAPITAL BUDGET PRIORITIES			\$ 0	\$ 0	\$ 0	\$ 0

* If applicable

H. Number of Proviso Changes: 0

I. Signature/Agency Contacts/Telephone Numbers:

Suzette M. Surkamer
Executive Director
734-8696

Ken May
Deputy Director
734-8689

II. DETAILED JUSTIFICATION FOR FY 2008-09 OPERATING BUDGET PRIORITIES

- A. Agency Section/Code/Name: Section 30/H91/Arts Commission
- B. Priority No. __1__ of __3__
- C. (1) Title: More creative and culturally literate students
(2) Summary Description: This component of *Honing Our Creative Edge* builds on the success of South Carolina's long term effort to improve arts education, the Arts in Basic Curriculum (ABC) Project, and answers the call issued by Thomas Friedman (*The World is Flat*) and others for education that engenders and rewards curiosity and passion; that builds capacity for social interaction; and that engages right-brain abilities like artistry, empathy, and synthesis—all abilities that will be critical to success in the new, *flat-world* economy. Funds will be granted to schools, school districts, and other educational entities to support the delivery of comprehensive, standards-based arts education to more Pre-K-12 students statewide.
(3) Strategic Goal/Action Plan (*if applicable*): This component directly addresses Strategic Goal 1, Arts Education. The agency will continue working with a longstanding coalition of ABC partners (including the State Department of Education, colleges and universities, professional associations, and other non-profit organizations) to provide an integrated program of technical assistance for planning and program development, professional development for educators, and grants to support program development and implementation, assessment, and on-going research.
- D. Budget Program Number and Name: II. Statewide Arts Services
- E. Agency Activity Number and Name: 876 Arts Education
- F. Detailed Justification for Funding
- (1) Justification for Funding Increase: (a) Mission/outcomes: Quality arts education is a crucial part of the effort to bring the benefits of a thriving arts environment to all South Carolinians, regardless of geography, social circumstances, or economic status. It is also increasingly recognized as an important part of preparing students to succeed in a world where creativity, the ability to work well with others, self-motivated learning, and other “right brain” abilities provide the greatest competitive advantage. Outcome measures for this continuing initiative include the number of schools and districts embracing comprehensive, standards-based arts curricula with the support of ABC Advancement grants (which has increased dramatically, from 19 in 2001 to 52 in the current fiscal year); the number of schools served by artists in residence (currently over 400); student achievement measured against curriculum standards in the arts through standardized assessments; and ongoing research that correlates results of assessments with other achievement measures and program data, in order to identify successful models and best practices.
(b) What will be accomplished: Base funds will partially support current levels of funding for ABC Advancement sites, ABC technical assistance and professional development, and Artist Residency grants. Additional funding will allow annualization of a portion of

current support now provided with supplemental appropriation, continued expansion of the number of ABC Advancement sites and Artist Residency sites, and increased levels of support for new and existing sites.

(c) Other state or local programs: The Arts Commission's arts education grants are the only matching grants awarded by a state agency exclusively for arts education activities in schools and other educational settings, such as afterschool programs. The matching requirements for these grants significantly amplify their impact. This grantmaking compliments, but does not duplicate, support provided by other ABC partners.

(d) Priority: As noted in the executive summary, the effort to produce more creative and culturally literate students is part of a comprehensive effort to leverage creativity as a competitive advantage for our state, and all components are inter-dependent and integrally important. However, arts education is probably the most fundamental investment for long-term success and so is listed as the highest priority.

(e) Other sources: Funding from other sources includes federal grant funds (National Endowment for the Arts), limited private sector and foundation support for specific initiatives, and significant matching funds generated in the school systems and communities where programs are supported through the agency's grants.

(f) Current Resources: The Arts Commission is a small agency whose resources are concentrated in grants and direct services to constituents. In order to reallocate significant amounts of existing funds to arts education, we would have to dramatically reduce activities in other priority areas. To make such reductions, especially at this time when many cuts have been made already, would contradict the broad mandate of service that is contained in the agency's enabling legislation and has been repeatedly renewed through public planning with constituents. The agency does not generally have carry forward balances of General Funds. We frequently do have some balances in Federal and Other funds, and, except for those that are earmarked for other specific projects (usually private sector grant funds), these balances are generally used for grantmaking, including grants for arts education.

(2)

FY 2008-09 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0
Program/Case Services					\$ 0
Pass-Through Funds		\$600,000			\$600,000

Other Operating Expenses					\$ 0
Total	\$ 0	\$600,000	\$ 0	\$ 0	\$600,000
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$ 957,028
Federal \$ 148,801
Other \$ 24,189

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State _____

Federal _____

Other _____

Agency-wide Vacant FTEs as of July 31, 2007: _____

% Vacant _____%

H. Other Comments:

II. DETAILED JUSTIFICATION FOR FY 2008-09 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: Section 30/H91/Arts Commission

B. Priority No. 2 of 3

D. (1) Title: More culturally engaged and creatively competitive communities

(2) Summary Description: This component of *Honing Our Creative Edge* addresses the need of South Carolina communities to become more competitive in the new “creative economy” and to foster civic engagement by developing a range of opportunities for public participation in the arts. Over the past four decades the Arts Commission has worked consistently with community partners throughout the state to build a statewide infrastructure for arts participation, and South Carolinians are participating. According to a 2007 poll by the University of South Carolina’s Institute for Public Service and Policy Research, 61.8% of the state’s adult population participated in the arts during the preceding 12 month period, and the average South Carolina adult participated in the arts approximately 15 times during that year. But like any infrastructure, the state’s arts delivery system requires ongoing investment for operation, maintenance, and development, and, as communities seek to attract “creative class” workers, who typically consider a range of such offerings critical to their location decisions, maintaining and expanding the cultural infrastructure is increasingly important. Through grants targeting community arts development, the Arts Commission leverages an average of \$44 in local, predominately private funds for each dollar it invests. New funds are requested to increase such investments.

(3) Strategic Goal/Action Plan (*if applicable*): This component directly addresses Strategic Goal 2, Community Arts Development. Through continuing and new programs of grantmaking and technical assistance, leveraging new local investment, the Arts Commission will support the ongoing operation and development of community arts organizations—arts councils, museums, orchestras, dance companies, arts centers, community design programs, etc—that afford the public a range of opportunities to participate in the arts. One-time funds will be used to assist building and renovations projects for arts facilities. All funds and assistance will be distributed through equitable and accountable public processes.

D. Budget Program Number and Name: II. Statewide Arts Services

E. Agency Activity Number and Name: 877 Community Arts Development

F. Detailed Justification for Funding

(1) Justification for Funding Increase: (a) Mission/outcomes: A diversified, statewide infrastructure for arts participation is a fundamental requirement for the achievement of the agency’s mission, and the need to develop and support this infrastructure has driven many of the agency’s efforts for the forty years of its existence. Without question, one of the most important benefits of such an asset is the contribution that it makes to quality of life for all citizens, but there are other important and tangible outcomes as well. There is, of course, the economic impact of the arts sector itself—over \$766 million in earnings from 31,490 jobs, generating more that

\$2.4 billion annually in total economic output and returning more than \$44 million in state sales and income taxes, according to a 2007 update by the Moore School of Business at USC. However, there is also the critical competitive advantage that a thriving arts environment provides in the new creative economy. In *The Rise of the Creative Class*, Richard Florida counsels that states seeking to become more competitive would be wise if they “channeled...funds into creative capital...by investing in the arts and cultural creativity broadly,” because a vibrant cultural scene helps to attract the creative talent upon which creative industries depend. If we are serious about ICAR or Innovista or biomedical spin-offs from MUSC, we should take this advice seriously as well. The Arts Commission’s technical assistance and grantmaking to a wide range of arts organizations, which are broadly distributed throughout the state, support a diverse array of opportunities for citizens and visitors to participate in the arts. Outcome measures for this ongoing work include the number, variety, and geographic distribution of the organizations and activities supported and the levels of participation and local matching funds that they produce. In FY2006 the Arts Commission awarded 229 grants supporting statewide arts infrastructure totaling \$1.5 million, engaging over 2.4 million participants in 36 counties and generating more than \$67 million in local matching funds. We also track the economic impact of the arts and culture sector and attempt to document the influence and effectiveness of our work through polling, surveys, and case studies.

(b) What will be accomplished: Base funds will support current levels of funding for Folklife and Traditional Arts grants, Quarterly Grants, Subgranting, and a portion of Operating Support grants. Additional funding will allow annualization of the portion of current support now provided with supplemental appropriation, including Operating Support and Leadership and Organizational Development grants, and increased levels of support through these and other programs. One-time funds will be distributed in grants for construction and renovation of arts facilities. In FY2007 the agency was able to award 35 Arts Facility Project grants in 20 counties, totaling \$1.2 million dollars. For FY2008 we received 25 new Arts Facility requests totaling more than \$3 million, which we were unable to fund because of no new appropriation.

(c) Other state or local programs: The Arts Commission’s grants are the only funds awarded by any state agency exclusively for arts programming and services. These grants provide direct support for local programs, which significantly amplify the impact of grant funds through matching dollars.

(d) Priority: As noted in the executive summary, the effort to produce more culturally engaged and creatively competitive communities is part of a comprehensive effort to leverage creativity as a competitive advantage for our state, and all components are inter-dependent and integrally important. As the “largest-ticket item,” this component is a very high priority with extensive statewide impact.

(e) Other sources: Funding from other sources includes federal grant funds (National Endowment for the Arts), limited private sector and foundation support for specific initiatives (e.g., Wallace Foundation, Coastal Community Foundation), and significant matching funds generated in the communities where organizations and projects are supported through the agency’s grants.

(f) Current Resources: The Arts Commission is a small agency whose resources are concentrated in grants and direct services to constituents. In order to reallocate significant amounts of existing funds to arts infrastructure development, we would have to dramatically reduce activities in other priority areas. To make such reductions, especially at this time when many cuts have been made already, would contradict the broad mandate of service that is contained in the agency’s enabling legislation and has been repeatedly renewed through public planning with constituents. The agency does not generally have carry forward balances of General Funds. We frequently do have some balances in Federal and Other funds, and, except for those that are earmarked for other specific projects

(usually private sector grant funds), these balances are generally used for grantmaking, including grants for arts infrastructure development.

(2)

FY 2008-09 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0
Program/Case Services					\$ 0
Pass-Through Funds	\$2,200,000	\$720,000			\$2,920,000
Other Operating Expenses					\$ 0
Total	\$2,200,000	\$720,000	\$ 0	\$ 0	\$2,920,000
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$ 1,600,666
Federal	\$ 667,011
Other	\$ 312,684

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(2) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State _____

Federal _____

Other _____

Agency-wide Vacant FTEs as of July 31, 2007: _____

% Vacant _____%

H. Other Comments:

II. DETAILED JUSTIFICATION FOR FY 2008-09 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: Section 30/H91/Arts Commission

B. Priority No. __3__ of __3__

C. (1) Title: Small business development in the creative sector

(2) Summary Description: This component of *Honing Our Creative Edge* focuses on support for entrepreneurial activity within the arts community. Such activity runs the gamut from individual artists producing and selling their work within and outside of the state to the development of large-scale arts attractions that draw hundreds of thousands of tourists to the state. Arts entrepreneurs drive growth in the arts and cultural sector, which is already responsible for over \$766 million in earnings from 31,490 jobs, generating more than \$2.4 billion annually in total economic output and returning more than \$44 million in state sales and income taxes, according to a 2007 update by the Moore School of Business at USC.

(3) Strategic Goal/Action Plan (*if applicable*): This component addresses both Strategic Goal 2, Community Arts Development and Strategic Goal 3, Artist Development. The Arts Commission will provide grants, training, technical assistance, and other services to stimulate and support arts enterprise development throughout the state, with special emphasis on underserved or economically depressed areas.

D. Budget Program Number and Name: II. Statewide Arts Services

E. Agency Activity Number and Name: 877 Community Arts Development and 878 Artist Development

F. Detailed Justification for Funding

(1) Justification for Funding Increase: (a) Mission/outcomes: Without the generative activity of artists in all art forms and other arts leaders who create marketable arts products, there can be no thriving arts environment to benefit all South Carolinians, which is the object of the agency's mission. Fortunately, there is a fairly constant flow of such activity in our state. But if we wish to gain maximum benefit for our state and its citizens from what we might call our "creative cluster," we need to do more to 1) improve conditions for such work in our state, 2) maximize and channel this productivity, and 3) work with these creative entrepreneurs to bring their products to appropriate markets. These, then, are the intended outcomes of this component of the *Creative Edge* initiative. The recent selection of South Carolina as one of only two states participating in a national initiative to improve conditions for artists, known as Leveraging Investments in Creativity (LINC), makes this a particularly opportune moment to pursue this strategic component of our plan. We will track the impact of these efforts by traditional business and economic development measures such as changes in sales income, profit and loss statements, numbers of jobs created, and changes in local business licensing fees and tax collections, as well as regular accountability measures employed in grantmaking and technical assistance programs, such as numbers served, geographic distribution, matching funds generated, public participation figures, qualitative evaluations, etc. Our current work in this area focuses largely on one-

on-one technical assistance to artists, small-grant support for artists projects (5 in FY2007), artist fellowships (6), Cultural Tourism Initiative grants (10), and Cultural Visions grants, which focus on arts-driven economic development in underserved areas (5), as well as occasional projects that provide artists with opportunities to sell their work or have it exhibited in other markets.

(b) What will be accomplished: Base funding will continue to support one-on-one technical assistance, grants and fellowships to artists, and Cultural Visions grants. New funds will allow us to annualize and expand Cultural Tourism support and to develop new training and strategic assistance for creative enterprise development from the individual to the community level.

(c) Other state or local programs: Many of these efforts, such as direct support to artists, are unique among state and local programs. Others, such as Cultural Tourism and Cultural Visions complement, but do not duplicate, the work of other agencies such as PRT, Commerce, and local/regional tourism and economic development entities, all of which partner with the Arts Commission in the management of current programs and will be closely involved in development of new initiatives.

(d) Priority: As noted in the executive summary, the effort to support arts enterprise development is part of a comprehensive effort to leverage creativity as a competitive advantage for our state, and all components are inter-dependent and integrally important. This component is fundamental to the initiative and is a very high priority with great potential for innovation and long-term impact.

(e) Other sources: Funding from other sources includes federal grant funds (National Endowment for the Arts), limited private sector and foundation support for specific initiatives (e.g., Leveraging Investments in Creativity--LINC), and significant matching funds generated by the individuals and organizations supported through the agency's grants.

(f) Current Resources: The Arts Commission is a small agency whose resources are concentrated in grants and direct services to constituents. In order to reallocate significant amounts of existing funds to developing new arts enterprises, we would have to dramatically reduce activities in other priority areas. To make such reductions, especially at this time when many cuts have been made already, would contradict the broad mandate of service that is contained in the agency's enabling legislation and has been repeatedly renewed through public planning with constituents. The agency does not generally have carry forward balances of General Funds. We frequently do have some balances in Federal and Other funds, and, except for those that are earmarked for other specific projects (usually private sector grant funds), these balances are generally used for grantmaking, including grants for arts enterprise development.

(2)

FY 2008-09 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0
Program/Case Services					\$ 0

Pass-Through Funds	\$1,225,000	\$250,000			\$1,475,000
Other Operating Expenses					\$ 0
Total	\$1,225,000	\$250,000	\$ 0	\$ 0	\$1,475,000
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$ 175,996
Federal \$ 62,105
Other \$ 47,582

(4) Is this priority associated with a Capital Budget Priority? _____ If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(3) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State _____

Federal _____

Other _____

Agency-wide Vacant FTEs as of July 31, 2007: _____

% Vacant _____%

H. Other Comments:

FY 2008-09 ACTIVITY PRIORITY ADDENDUM

I. PRIORITY ASSESSMENT OF ACTIVITIES – HIGHEST PRIORITIES

A. Agency Section/Code/Name: Section 30/H91/Arts Commission

B.

Priority Assessment of Activities – Highest Priorities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
876 Arts Education:	\$957,028	\$148,801	\$180,500	0	\$24,189	\$1,310,518	6.86
877 Community Arts Development:	1,600,666	712,611	380,425	0	312,684	\$3,006,386	18.11
878 Artist Development	\$175, 966	\$6,505	\$1,500	0	\$47,582	\$231,583	2.47
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
TOTAL OF HIGHEST PRIORITIES	\$2,733,660	\$867,917	\$562,425	\$ 0	\$384,455	\$4,548,487	27.44

FY 2008-09 ACTIVITY PRIORITY ADDENDUM

II. PRIORITY ASSESSMENT OF ACTIVITIES – LOWEST PRIORITIES

A. **Agency Section/Code/Name:** Section 30/H91/Arts Commission

B. Agency Activity Number and Name: 878 Contributions (partial)

C. Explanation of Lowest Priority Status: One-time pass-through items included in the agency's budget for FY2008 need not be included for FY2009, since they are appropriated for specific one-time capital expenses.

D. Estimate of Savings:

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
Personnel:						
(a) Number of FTEs	0	0	0	0	0	0.00
(b) Personal Service	0		0	0	0	\$ 0
(c) Employer Contributions	0		0	0	0	\$ 0
Program/Case Services	0	0	0	0	0	\$ 0
Pass-Through Funds	0	0	\$1,075,000	0	0	\$1,075,000
Other Operating Expenses	0	0	0	0	0	\$ 0
Total	\$ 0	\$ 0	\$1,075,000	\$ 0	\$ 0	\$1,075,000

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*): There should be no negative impact to these reductions.

F.

Summary of Priority Assessment of Activities – Lowest Priorities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
878 Contributions (partial)	0	0	\$1,075,000	0	0	\$1,075,000	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
TOTAL OF LOWEST PRIORITIES	\$ 0	\$ 0	\$1,075,000	\$ 0	\$ 0	\$1,075,000	0.00